

**EVIDENCE TO
THE LEVESON INQUIRY
INTO THE CULTURE, PRACTICES AND
ETHICS OF THE PRESS**

**WRITTEN STATEMENT OF
WILLIAM LEWIS**

Written statement of William Lewis
Evidence to the Leveson Inquiry into the
culture, practices and ethics of the press ("the Inquiry")

1. I, William Lewis, of [] give the following evidence to the Inquiry further to the notice under section 21(2) of the Inquiries Act 2005 dated 10 August 2011. I deal with each question asked by the Inquiry in turn.
2. I understand that I am required to provide a witness statement in relation to my former roles as Editor of *The Daily Telegraph* ("DT") and Editor-in-Chief of the newspaper titles held by the Telegraph Media Group ("TMG").
 - 2.1 My evidence is based on recollections of the period 2006 to 2010 at TMG in the course of preparing this evidence.
3. I make the following declarations of interest in relation to the Inquiry:
 - 3.1 Sir David Bell was Chairman of *The Financial Times* ("FT") while I worked there. In addition, as Director of People for Pearson, the parent company of the FT, he was ultimately responsible for my pastoral care.
 - 3.2 When I became Editor of the DT in October 2006, George Jones was Political Editor. I was responsible for moving him from that role in 2007. Mr Jones subsequently left the company.
 - 3.3 I have met Shami Chakrabarti and Lord Currie at least once each in my capacity as a journalist.

(1) Career

4. I have worked in the newspaper industry for twenty years, mostly as a reporter or editor. I started my career in 1991 as a financial reporter on *The Mail on Sunday*. Three years later I moved to the FT where I held various reporting jobs in London and New York (including covering the corporate governance "beat" as Fund Management Correspondent). My final job at the FT was as News Editor.
 - 4.1 In 2002, I moved to *The Sunday Times* as Business Editor, and in 2005, became the City Editor at the DT. Over the next five years I occupied a number of different roles at TMG: Deputy Editor of the DT, Managing Director (Editorial) of TMG, Editor of the DT, Editor-in-Chief of TMG and Chief Executive of Euston Partners, a digital start-up operation. I left TMG in May 2010.
 - 4.2 In September 2010, I joined News International as Group General Manager. In July 2011, I became an Executive Member of the Management and Standards Committee, the News Corporation committee created to discharge the company's duties in respect of the *News of the World* voicemail interception scandal.

- 4.3 I have received some awards as a journalist. The two I am most proud of are the Wincott Young Financial Journalist of the Year (shared) award I received in 1996, and being named Journalist of the Year in 2010 at the UK Press Awards. The latter award was in recognition of the Telegraph's MPs' expenses investigation, which also led to me receiving the degree of Doctor of Laws from Bristol University (July 2010) and the degree of Doctor of Letters from the University of Lincoln (September 2010).

(2) TMG corporate governance

5. The system of corporate governance I helped to construct and implement at TMG was based on five related principles: (I) One Newsroom; (II) Effective and transparent cost management and incentive schemes; (III) Professionalisation; (IV) Training and continuous professional development; (V) Clear and appropriate reporting lines for editorial finance, and legal and compliance functions.
- 5.1 I will first deal with the background to the changes at TMG and will then address each of these governance principles ("the governance principles") in turn.

Background

6. In 2004, the Barclay family bought what was then Telegraph Group Limited ("TGL"), and installed a new Chief Executive, Murdoch MacLennan, with the mandate to begin a modernisation process. TGL became TMG in Autumn 2006.
- 6.1 In early 2006, I was put in charge of moving TGL's editorial operation to new accommodation in Victoria. The move offered the opportunity to develop new ways of working which were more efficient, better suited to the new challenges facing newspapers, and more transparent. The vast, open-plan office space allowed us to seat departments in an innovative fashion. This improved communication, transparency and generally fostered a more dynamic working environment.
- 6.2 Before then, TGL's editorial departments had been spread over several floors at premises in 1 Canada Square, Canary Wharf. At one stage, the City office was housed as far away as Moorgate. Heads of Department tended to have their own private offices, departments rarely communicated with each other beyond formal editorial conferences, and there was little logic in the physical layout of departments. The online operation was completely divorced from the main news desk, staffed separately and located on a different floor.
- 6.3 These arrangements had presented a number of problems, many of them interconnected:
- 6.3.1 The physical layout of departments militated against transparency. Decisions could be taken behind closed doors in one department that might have a significant impact on another department. The layout also meant that departments operated (either formally or

informally) their own dedicated sub-editing, design and picture teams. This led to inefficient use of these resources (for example, sub-editors were waiting for pages from one department when they could have been working on pages from another). It also reinforced the unhelpfully autonomous operation of departments.

- 6.3.2 Different departments operated different production workflows, which was not only an inefficient use of the production IT system but also made it difficult, for example, for a sub-editor on the features desk to work for the news desk.
- 6.3.3 In some cases, departments were operating their own distinct systems for creating and commissioning content. This contributed to budgetary overspends and was inherently opaque from an audit perspective.
- 6.3.4 Departments also relied heavily on casual labour (journalists brought in to work occasional shifts) to cover holidays, sickness and busy periods. This was difficult to track and manage, and it contributed to over-spends. There were also issues of quality (there were no performance management or training provisions for casuals) and security (casuals tended also to work for rival newspapers, which created the risk of exclusives and other sensitive information reaching competitors).
- 6.3.5 Furthermore, while we discovered no direct evidence of this, the casuals system was open to abuse. In theory, a casual shift could be paid without that shift having been worked – the then checks and controls were unable to identify whether a shift had been completed (or even whether it had been needed).
- 6.4 The above problems were exacerbated by the fact that completely separate teams ran *The Sunday Telegraph* ("ST") and the online operation. The online operation was problematic because it was over-reliant on casual labour, worked on a different production system and had virtually no meaningful communication with the main news desk. This should be seen in the context of the time: while there was booming interest in the web, there was no proven profit model for internet journalism and so it was viewed as the poor relation.
- 6.5 I led a small project group at Victoria from Spring 2006. The group tested new ways of working, focused on integrating print and online operations, the streamlining of sub-editing/production and the seating of departments in a more rational fashion. There was also a strong emphasis on training in digital journalism techniques – almost every member of TGL's editorial staff completed a week's intensive training with the project group over the Summer of 2006.
- 6.6 On the completion of the move, the five governance principles were rolled out.

Governance principle I: One Newsroom

7. Following the move to Victoria, we implemented new ways of working which integrated print and online operations and established new content commissioning structures, editorial conference schedules, production workflows and the physical positioning of departmental desks (e.g. the Head of News now sat a few feet away from the Digital Editor). These changes were not to every member of staff's liking and we lost some people, including Heads of Department, along the way.
- 7.1 The changes were motivated by the desire both to improve editorial efficiency and increase digital content. However, integration provided a governance dividend too. Integrated content commissioning, in particular, improved transparency, accountability, and collective responsibility for both the provenance and quality of content. So, for example, the chances of inappropriate or poorly sourced content appearing online were reduced because the main newsdesk and the digital operation now acted as one.
- 7.2 In addition, the open plan nature of the "hub and spoke" integrated newsroom ensured that editorial instructions were issued and executed in full view of the rest of the newsroom. While the physical layout of the integrated newsroom could not by itself guarantee appropriate editorial behaviour, it certainly made inappropriate editorial behaviour much more difficult.

Governance principle II: Effective and transparent cost management and incentive schemes

8. Phase 2 of the transformation programme began in 2008 and focused on cost management. Senior colleagues and I were convinced that a tighter grip on costs went hand in hand with better governance and would, in turn, lead to sharper journalism.
- 8.1 Our cost management programme focused on four key areas of editorial spend: (i) casuals, (ii) external content (including staff commissions), (iii) contributors and retainers and (iv) expenses.
- 8.2 These areas of spend were the only non-fixed cost lines (staff salaries being the fixed costs base) in editorial. I believed that sound budgetary management and good corporate governance were inextricably linked and so a robust review of each of these areas of variable spend was required. While wrongdoing in business does not always involve money, it very often does and so obtaining a tighter grip on the financial reins made sense.

(i) Casuals

- 8.3 I decided, in consultation with senior executives, to remove all casuals from the business. Some regular casuals were hired as either full-time or part-time staff. New, staff-only production rotas were rolled out. A limited number of short or fixed term contracts were made available to departmental heads, but no one without a contract could work at the Victoria newsroom once the changes were implemented.

8.4 Policing the new “no casuals” rule was straightforward: the mechanism for paying casuals was dismantled and building passes were only available to people with a contract.

8.5 This enabled TMG to know who was working in the newsroom, what they were doing, why they were doing it, and how much it was costing. In addition, it helped us professionalise the editorial workforce, the benefits of which are detailed below.

(ii) External Content

8.6 "External Content" meant for us all content not created by members of staff during the course of their normal duties. It includes: News agency copy, pictures (including illustrations and video), content by freelance writers (including staff commissioned internally – see 8.7.3 below) and serialisations and other content properties.

8.7 A review of External Content in 2008 produced the following policies:

8.7.1 A single External Content Budget: The contributor and retainer budgets were merged, effectively abolishing retainers as a class of external content. It was the end of keeping individuals “on the books,” irrespective of the content/services provided. All payments to external providers were now closely regulated.

8.7.2 An External Content Commissioning Authority (ECCA): ECCA, headed by me as Editor-in-Chief and supported by the senior executive team, was created. It reviewed each departmental budget weekly (taking financial control of any department that exceeded its budget three weeks running). Departments had to submit external content providers for approval; anyone unapproved was ineligible for a TMG commission (unless special dispensation was given).

8.7.3 Rigorous financial reporting was put in place. All commissioning up to a certain level had to be signed off by a Head of Department; all commissioning over that level, by at least one of four senior executives; and all commissioning in excess of a still higher level, submitted to the weekly ECCA meeting. Getting timely data from the picture desk was a struggle which we eventually won. No unauthorised commissions were paid. Internal commissioning was banned, unless specifically sanctioned by ECCA. Willing staffers were free to produce additional content, but at no extra pay. Line managers were expected to release staff to work on internal commissions wherever possible. Many commissions attracted benefits in kind, which staff were free to enjoy. Politicians, public servants and BBC staff and Trust members became ineligible for payment for contributions, unless approved by ECCA.

- 8.7.4 Incentivisation: Heads of Department and other commissioning editors were incentivised to adhere to ECCA rules and to meet or beat their budgets through a reformed bonus scheme.

(iii) Contributors and retainers

- 8.8 TMG's policies on contributors and retainers have been largely covered above. However, it is also worth noting that contributor contracts – in common with those for editorial staff members – included a clause requiring compliance with the PCC's Editors' Code of Conduct.

(iv) Expenses

- 8.9 A new, more transparent expenses policy was introduced. We moved from a paper-based system to an electronic system, which automatically flagged to a deputy managing editor claims which fell outside the expenses rules. The deputy managing editor also undertook regular, random spot checks.

Governance principle (III): Professionalisation

9. As Editor and Editor-in-Chief, I was passionate about the "professionalisation" of the editorial workforce, by which I understood raising journalistic standards. I made sure that everyone who worked at Victoria was a staff member (not a casual), with an employment contract that included a clause requiring compliance with the PCC's Editors' Code of Conduct.
- 9.1 A staff-only newsroom meant executives had a much clearer idea of who was in the newsroom, what they were supposed to be doing, why they were doing it, and how much it was costing.
- 9.2 Staff members were subject to company disciplinary procedures and performance management systems, designed to tackle poor conduct and encourage continuous improvement.
- 9.3 A staff-only newsroom was easier and more cost-effective to train. Not surprisingly, the company was reluctant to offer top-class training to individuals who worked for rival titles and whose commitment to TMG was uncertain. A significant investment in staff training was made possible when the newsroom went staff-only.

Governance principle (IV): Training and continuous professional development

10. During my time as Editor and Editor-in-Chief, TMG introduced a high-quality training programme for its editorial staff, using a mixture of internal and external trainers. This was overseen by the then head of HR, Lynn Cunningham.
- 10.1 The training programme was designed to combine the reinforcement of core journalistic skills (including legal and regulatory issues and investigative journalism) with schooling in the skills required to operate in the New Media

environment. End-of-year bonuses became linked to, among other things, attending a minimum number of training days.

- 10.2 There had not been much of a culture of training and continuing professional development in national newspapers. Typically, reporters and sub-editors were expected to have been trained at local and regional newspapers before joining a national. TMG's new investment in training and development was a recognition that it had to become a "learning organisation," particularly given the demands of digital journalism (since journalists had to take more responsibility for their content - e.g., blogging).
- 10.3 The training was launched in 2007. There were courses on "Ethics and Morals for TMG" (including the workings of the PCC), "Media Law Update for all Media," "Libel and Other Defamations," "Copyright and Other Intellectual Property Issues," "Freedom of Information," "How the Business Works," "Commissioning and Managing Freelancers at TMG," and "Managing Editorial Teams at TMG".
- 10.4 TMG's commitment to excellence in training and development was evident in its efforts to attract and nurture graduate-level talent. It relaunched its graduate trainee scheme after the Victoria move. The scheme involved a two-day programme of interviews and tests for shortlisted candidates, followed by a nine month training programme, independently provided by the Press Association, for the successful candidates. The training programme involved placements with major regional newspapers, followed by placement at the *DT* and *ST*. Trainees were rotated through different departments to gain a broad experience and understanding of Telegraph journalism, standards and ethos. Further, each trainee was allocated two mentors – one senior (assistant editor rank) and one junior (general reporter rank) – to discuss any professional, pastoral and personal issues on a confidential basis.

Governance principle (V): Clear and appropriate reporting lines for editorial finance, legal and compliance functions

11. Central to TMG's editorial governance structure during my time as Editor and Editor-in-Chief was an appropriate "separation of powers" in terms of editorial, legal and compliance functions.
 - 11.1 An explanation of key roles, responsibilities and reporting lines may assist the Inquiry Panel:
 - 11.1.1 The Editor/Editor-in-Chief had ultimate responsibility for overall editorial spending decisions (with delegation authority where appropriate), ultimate legal/regulatory responsibility for all published content. He attended company executive committee meetings, and was thus aware of broader corporate issues. He reported to the Chief Executive.
 - 11.1.2 The Executive Director (Editorial)'s role was approximate to a managing editor in other UK newspaper organisations. He had responsibility for: negotiating the global editorial budget with the

Finance Director; issuing staff/contributor contracts, supported by the Deputy Managing Editors; and the management of staff expenses, supported by the Deputy Managing Editors. He reported to the Chief Executive.

- 11.1.3 The Legal Manager advised on: proposed editorial content, as referred by editorial staff; potential conflicts with the PCC code; legal complaints/actions. He reported to the Finance Director, in consultation with the Executive Director (Editorial). Notwithstanding the hallowed principle, "lawyers advise, editors decide," he was intimately involved in the editorial process, particularly with regard to major stories and investigations. There was a general understanding that decisions made by the Editor/Editor-in-Chief following legal advice were not influenced by issues relating to the legal budget, but rather the merits of the case in question.

12. It is worth noting that, while TMG employees mostly embraced these changes, not everyone welcomed them. We wanted to raise journalistic and commercial standards for the papers, and saw the two as going hand-in-hand. This meant that difficult decisions had to be made and there were redundancies, with all the hurt that they bring. However, I strongly believe that the changes were the right thing to make, and that TMG is as a result in a much better position to weather the current storms.

(3) Role in adhering to corporate governance policies

13. As Editor-in-Chief, I had overall responsibility for ensuring that TMG's editorial corporate governance policies were adhered to in practice. In broad terms, this meant that I was responsible for ensuring that the editorial budget was adhered to and that money was spent wisely, honestly and appropriately and that my journalists adhered to the PCC's Editors' Code of Conduct and operated within the law. TMG strove to produce journalism in the public interest. More broadly, my editorial staff was expected to adhere to the company's overall corporate governance framework, set out in the Staff Handbook.

- 13.1 In practical terms I was assisted and advised on the above by a number of senior executives, notably the Executive Director (Editorial), the Legal Manager, the Consulting Editor and the Deputy Managing Editors. These executives had lead roles in ensuring all financial, staffing, legal and compliance issues were dealt with appropriately. I relied on the support, experience and wisdom of, in particular, my Deputy Editor, the Head of News and the Editor of the *ST*, to ensure day-to-day adherence to our corporate governance policies in all our journalistic and story-getting endeavours.

- 13.2 On major and/or sensitive stories, I would take personal charge of ensuring that such stories were properly sourced, legally watertight and fair. This would often involve talking with the reporter in question direct, as well as in-depth

discussions with other senior executives - for example, with the Head of News and the Legal Manager.

- 13.3 I also instituted a weekly Heads of Department meeting at which I was able to raise with senior colleagues any areas of concern I had about their department's compliance with our corporate governance policies and editorial standards more generally. I also introduced a Telegraph Style Guide to help reinforce journalistic standards. The Guide was very successful, and is now available for purchase at bookshops and on the internet.
- 13.4 In terms of company-wide corporate governance, I was required to attend a weekly Telegraph Management Committee meeting where significant corporate issues were aired and discussed. I was also called by or met with the Chief Executive at least once a day to discuss a variety of issues, some of which would fall within the sphere of corporate governance. I would meet monthly, or thereabouts, with TMG's proprietors, represented by Aidan Barclay (the Chairman) and Howard Barclay.

(4) Were the corporate governance policies adhered to in practice?

14. To the best of my knowledge, the answer to this question is "Yes, in all but a handful of minor instances." Most complaints to the PCC were resolved without the need for a ruling. Of those complaints that were adjudicated, almost all (85%) related to alleged breaches of Clause 1 of the PCC's Editors' Code of Practice, which concerns Accuracy.
 - 14.1 The adjudications or resolutions relating to the remaining 15% of complaints that were adjudicated (a total of 14 complaints in four years) largely related to privacy (clause 3) or intrusion into grief or shock (clause 5).
 - 14.2 I recall one occasion when a journalist was accused of a technical breach of electoral law in the reporting of a by-election. He was suspended immediately. The matter went no further, but upon returning from suspension, he was warned about his future conduct. I can recall no other occasion on which a member of staff was accused of unlawful conduct during my tenure as Editor and Editor-in-Chief.
 - 14.3 In terms of financial probity, there were occasional, dubious expenses claims which we had to address. The most egregious example I can recall is when an *ST* staffer incorrectly claimed expenses in relation to a dining engagement with a bishop. The expenses claim was rejected, and the member of staff was reprimanded.

(5) Impact of phone hacking media interest on corporate governance

15. TMG's approach to corporate governance did not change as a result of media interest in phone hacking. It was driven by these convictions: *first*, that sound financial management, coupled with a strong commitment to both the letter and the spirit of the PCC Code, would result in good corporate governance; *second*, that good corporate governance would deliver sharper, smarter journalism, rooted in the public interest; *third*, that quality journalism could

only be delivered in an editorial environment which placed a premium on the highest standards of governance.

15.1 More broadly, TMG's proprietors knew that radical change was required both because significant, structural declines in circulation had set in, and because of the inexorable rise of the internet and mobile technology.

15.2 I believe that TMG set new standards in editorial corporate governance for the industry. It freed itself from the legacy of an unaccountable editor, weak financial controls and poor training. It reached standards that were far more principled, focused and structured than hitherto. It became a model for the news industry as a whole.

15.3 Of course, there is more thinking to be done on the question of governance. For example:

15.3.1 Should every newsroom employ a compliance officer, with a reporting line to someone other than the editor, with powers to investigate editorial practices and story provenance?

15.3.2 Would every editor benefit from access to an "ethicist" to test his assessment and execution of his obligations, particularly where those obligations appear to be in conflict with each other?

15.3.3 Should a proportion of annual editorial budgets be ring-fenced for training, with compulsory courses on ethics and compliance?

15.3.4 Should that training include a module on the appropriate way to engage with public officials, including police officers?

15.4 No doubt there are other questions to be pondered too.

(6) Who has responsibility for checking sources, and how is it done?

16. The initial responsibility for checking sources of information must lie with the reporter writing the story. In cases where the information may be the subject of dispute or controversy, the reporter would be expected to have a second, corroborating source (on many occasions, indeed, I would demand a third source). During my editorship, I set great store in reporters taking personal responsibility for the veracity of their stories. This became critical as the demands of 24-hour digital journalism increased.

16.1 The next tier of responsibility lies with the news desk. It is the job of news desk editors to ask searching questions of reporters about the sources of their information (including how it was obtained), particularly in cases where a story is controversial, sensitive or legally risky.

16.2 Given the time constraints on an editor – and the fact that, in my view, delegating decision-making to trusted senior colleagues is both necessary and desirable in a newsroom – the responsibility for checking the sources of information rarely lands on an editor's desk. Instead, he relies heavily on the

judgment of the Head of News (in particular). I performed this crucial role in the newsroom, when News Editor at the *FT*.

- 16.3 Still, when Editor, I would question the sourcing of a story perhaps once a day, via either the Deputy Editor or the Head of News. I would have a direct conversation with a reporter about the sourcing of a particular story less frequently, perhaps once a week. Invariably, these would be major stories – typically, a splash or page lead – or stories which were in some way sensitive or controversial. I took particular interest in financial and business stories, not just because of my journalistic background but because these stories sometimes carry greater risks for newspapers than other types of story. Large corporations can be formidable adversaries and business libel cases are particularly time consuming and costly to fight. I was especially vigilant during the 2008 financial crisis, when we ran many hard-hitting financial stories.

- 16.4 Here are some representative instances:

16.4.1 **Story A:** A “News in Brief” item in the sports section about an Arsenal footballer being sidelined with a knee injury for three weeks. The reporter would be expected to have checked the story for accuracy and satisfied himself that the source of the story was reliable. The reporter would be trusted to have done this and it would be unlikely that the sports news editor would look to check the source of the information.

16.4.2 **Story B:** An exclusive page lead on new developments in a high profile murder case. While the reporter would still be expected to have checked the story for accuracy and satisfied himself that the source of the story was reliable, a story of this kind would attract the attention of the Head of News. He would closely question the reporter. The Legal Manager would also be engaged with the story at an early stage. The Editor would be kept informed, via the Head of News or the Deputy Editor, on how the story was shaping up, but probably would not be in direct contact with the reporter.

16.4.3 **Story C:** An explosive investigation into wrongdoing by senior politicians. Once the reporter had received the information supporting the proposed story and satisfied the Head of News that it was worth pursuing, the Editor would then immediately become involved. Given the sensitivity and significance of the subject matter, the Editor would ask searching questions about the source of the information, both of the reporter and the Head of News. He would take counsel from senior executives, not least the Legal Manager. Most probably, he would take personal charge of the management of the investigation from then on.

- 16.5 I should add that during my tenure as Editor and Editor-in-Chief, I employed a show-business correspondent, rather than a show-business editor. Her brief was broader than conventional celebrity-watching. I scrapped the position of royal correspondent, as I did not believe it was an appropriate use of limited

editorial resource. Royal stories tended to be allocated to one of my Assistant Editors.

(7) Editors and sources of information

17. The ultimate moral responsibility for all content published in a newspaper (and awareness of the sources of the information, the basis of that content) rests with that title's editor. In day-to-day terms, as explained in my answer to Question 6, it is both practical and desirable that much of that responsibility (and the authority that goes hand-in-hand with that responsibility) is delegated to editorial executives of appropriate rank and experience.
- 17.1 While the term "central stories" is open to interpretation, I regard them as stories that would make a significant page lead, stories of a particular controversial/sensitive nature, and stories about an individual or group that had taken issue with previous coverage in the newspaper(s).
- 17.2 At the *DT*, the daily morning and afternoon main editorial conferences would ordinarily be my main opportunities to test stories about which I had questions. Editorial conferences took place at the central "hub" in the open plan newsroom, with the agenda set by a sophisticated news-list covering all publishing platforms including print, online, mobile and video. If necessary, reporters could be called to the hub to explain the background to their stories. This system gave me visibility on the main stories of the day, while also leaving me free to delve deeper into any story about which I had particular concerns or interest.

(8) Ethics in print media

18. Ethical considerations should be at the heart of what print media does. An *unethical* print media serves no meaningful purpose. A core function of print media is to expose powerful people doing bad things - in even broader terms, telling the many what the few don't want them to know.
- 18.1 Print media is uniquely placed to do this – at least in the UK. It can uncover facts and then comment upon them without fear or favour. It is free to formulate opinions - political or otherwise - in a way that other media cannot (given regulatory or resource constraints).
- 18.2 Ensuring that a print media newsroom establishes, develops and maintains its ethical character is ultimately the responsibility of the editor. In practical terms, discharging this responsibility depends upon:
 - 18.2.1 Employing the right people. Ensuring that the journalists one hires, trains, cultivates and rewards are of sufficient calibre and understand the standards of ethical conduct required of them.
 - 18.2.2 Complying with the PCC's Editors' Code of Practice. This can be achieved, in part, by ensuring that compliance with the PCC Code is incorporated into employment contracts. Training is also crucial.

However, the leaders in a newsroom (headed by the editor) need to set the ethical tone. The cultural environment established in a newsroom is essential in ensuring that the spirit, as well as the letter of the Code, is observed. I also believe a newsroom rooted in "doing the right thing" produces better, more productive journalists because they attach real value to what they do. The PCC Code has operated, with amendments and revisions over the years, ever since I started out in journalism 20 years ago. It remains, in my view, the ethical starting-point for responsible journalism in this country. For example, the code's clauses on how to handle stories involving children are especially important to me.

- 18.2.3 Finally, judgment. "Does this feel right?" is a question journalists - especially editors - should be asking themselves all the time. It may be nebulous, but I would suggest that at least asking this question once a day should be part and parcel of what every newspaper editor does.
- 18.3 It is only right to acknowledge that ethical obligations can and do collide on occasions. This ethical pluralism is, I believe, the lot of a newspaper editor. Often there is no obvious "right" answer, no instantly satisfactory way of ordering these values in terms of importance. In such cases, it falls to a combination of one's judgment and conscience as to which value prevails in the given circumstances.
- 18.4 It may help to divide ethical obligations into general obligations and professional obligations. Collisions can occur between these two categories of obligations, but also within each category and even within each distinct obligation.
- 18.5 One good example took place during the 2008 financial crisis and involved the debate over whether to cut, hold or raise interest rates. The *DT*'s genuinely held view was that the nation's economy required low interest rates, an editorial position which infuriated many loyal readers. They were net savers, mostly dependent on healthy interest rates for a decent retirement income. I decided that it was better to publish opinions with which they did not agree (and which, incidentally, they felt could harm them financially) than to do otherwise. One could even make the case that, in publishing those opinions, I came into conflict with my professional obligation not to damage the commercial health of the newspaper (and, therefore, the interests of my employers and their staff) as a good many irate readers threatened to cancel their subscriptions as a result of our stance on interest rates.
- 18.6 Ethical considerations also come into play in the relationship dealings between the editorial and non-editorial parts of the business. For example, a journalist may be about to publish a negative, but accurate and important story of a company's wrongdoing, just as the commercial department is about to sign a major advertising deal with the company. The editor is aware that publication will almost scupper the advertising deal:

- 18.6.1 On the one hand, he has a professional obligation to provide his readers with accurate, important news (as well as a more general obligation to serve the wider public interest – those affected by this company's misdeeds may not be readers of his newspaper).
- 18.6.2 On the other, he has a professional obligation – as a senior executive – to protect the commercial interests of his employer.
- 18.7 In these circumstances, I would (in common, I imagine, with every editor) insist upon fulfilling my professional and general obligation to publish. Indeed, were, for example, the newspaper's chief executive or proprietor to seek to block publication it would be a resigning issue.
- 18.8 However, my position in this instance would not be determined solely by my journalistic ethics (although this indeed would in itself justify publication). I would also be fulfilling my professional obligation to protect the commercial interests of the newspaper. Advertisers come and go. A reputation for honest reporting is long and hard fought for and drives loyal readership. Compromising one's reputation for honest reporting jeopardises the size and quality of that readership; it thereby also jeopardises the commercial health of the newspaper. In addition, of course, fewer readers means lower advertising revenues. I should add that, in my experience, advertising managers understand this (albeit occasionally only after the pain of a missed commission payment has subsided).
- 18.9 The above also, I believe, discloses an important truth about the industry: news is a fleeting commodity, but the newspaper business is long term. An editor should always be mindful of the longer-term impact of his decisions, not just their impact on the next day's newspaper.
- 18.10 However, an editor should not abuse this right to publish. To tweak the above example, a company may be about to sign a major advertising deal. Its chief executive is a person whom the editor dislikes. The editor, fully aware of the potential commercial implications, decides to publish a profile of the chief executive ridiculing him, but within legal and PCC Code bounds. In consequence, the chief executive withdraws the advertising with the newspaper. In this instance, while the editor was "within his rights" to publish, he would have done so for the wrong reasons and without giving due weight to his obligation to protect the commercial interests of his newspaper. His motivation was personal and frivolous; he abused his position. He also acted disrespectfully towards his advertising department colleagues.
19. Another potential area for a major collision of ethical obligations is in an editor's relationship with his proprietor – always a significant crux when considering newspapers and ethics. It is clear that an editor has his journalistic obligations, but also an obligation to the proprietor, who is both his employer and the employer of his editorial staff. I would argue that this obligation exists not simply because the proprietor pays his salary, but also because the proprietor has provided the financial means to keep the newspaper going.

(9) Impact of financial pressures on an editor

20. The proprietors of TMG were of course keen to publish profitable newspapers. But they also realised that, in general, newspaper circulations are in decline. Our approach was based on three things: (a) stable and realistic traditional media revenues (b) a lean but competitive editorial cost base (c) investment in digital growth. I felt comfortable with this model and at no stage did I feel any financial and/or commercial pressure in respect of the decisions I made as an editor – save for the pressure I put upon myself.

(10) Financial incentive for exclusive stories

21. I cannot find a copy of my contract and/or key performance indicators in relation to my bonus for the time I was at TMG and/or TGL. As far as I can recall, however, I had no financial incentive as an editor to print exclusive stories.

(11) Telegraph titles and private investigators and other external providers of information ("EPI")

22. The general practice at TMG was not to pay private investigators; to the best of my knowledge, this never happened during my tenure at TMG. I ensured that all my journalists were aware that to make or receive payments to or from the police or public officials is illegal (as, indeed, are certain kinds of payments to mobile phone companies).
- 22.1 I am fairly certain that a number of reporters would, from time to time, have had some sort of contact with private investigators during the course of their reporting duties.
- 22.2 A sum in the order of £150,000 (the precise figure can no doubt be obtained from TMG) was paid to John Wick in connection with the *DT*'s investigation into MPs' expenses. Mr Wick could be described as a private investigator, although I believe he prefers to describe himself as an intelligence expert and security consultant (he has a background in the armed forces). In any case, Mr Wick's involvement in the MPs' expenses investigation was limited to that of conduit between the *DT* and the ultimate source of the information upon which the investigation was based. He was not engaged to investigate any individual or organisation.

(12) My relations with EPIs

23. Subject to paragraph 22.2, I have no recollection of instructing, let alone paying, private investigators during my tenure at TMG.
24. With regard to Mr Wick, I met him after the MPs' expenses investigation had begun. TMG contact with Mr Wick prior to this point was limited to two senior executives and the lead investigative reporter on the story. In the two years since the MPs' expenses investigation, I have met Mr Wick twice for lunch.

25. In terms of other EPIs, I had extensive and regular contact with people in the fields of politics, business, sport, religion, media, diplomacy and many other areas. None of these people, so far as I am aware, received payment other than for commissioned and published articles (please note ECCA rules detailed above at Question 2 on paying certain categories of person).

(13) EPI policies

26. Please see my answers to Questions 2, 11 and 12 above.

(14) Adherence to EPI policies

27. Please see my answers to Questions 2, 11 and 12 above.

(15) Violation of EPI policies

28. Please see my answers to Questions 2, 11 and 12 above.

(16) EPI payment policies

29. I refer to my answer to Question 2, which refers to policies on External Content.

(17) EPI payment practices

30. I refer to my answer to Question 16.

(18) Publication: private interests versus the public interest: an example

31. During my tenure as Editor and Editor-in-Chief at TMG, the most obvious example of a set of stories to which Question 18 applies is the *DT*'s investigation into MPs' expenses in 2009.
- 31.1 It is difficult to imagine a noisier collision between the private interests of individuals and the public interest. On the one hand, information most people would regard as deeply private (mortgage interest payments, shopping bills and so on) versus, on the other, the fact that these expenses were being paid for from the public purse and to public servants.
- 31.2 When the *DT* was first approached with what became known as the "MPs' expenses disk," the first question I asked was whether it was genuine. While slight, the possibility that the *DT* might fall victim to a Hitler Diaries-style hoax preyed on my mind.
- 31.3 Once I had satisfied myself that the information was genuine, the second question I asked related to the provenance of the information. Many commentators have claimed that the MPs' expenses investigation was the result of the *DT* "buying a stolen disk." This is not true. No disk – or any other equipment – was ever stolen. The legal issue was, rather, whether the information contained in the object passed to us could itself have been stolen. The advice I received from the Legal Manager, who took counsel's opinion on

the matter, was that the information itself was not capable of being stolen. The overwhelming public interest in the information, in the context of the legal advice I received, meant that (as I saw it) my duty was uncomplicatedly clear – to investigate (a serious, lengthy process, including putting the results of the investigations to their subjects), and then publish the findings of the investigation.

- 31.4 The obligation to investigate and publish having been established, I moved on to consider how the *DT* should run the story in a fair, balanced and proportionate manner – given the information, and that publication was likely to distress public servants who were still entitled to some privacy as private individuals. The third question that arose, then, was in what order should the MPs be scrutinised? There were too many to be addressed in one “go” (so to speak).
- 31.5 In consultation with senior colleagues, including the Legal Manager, I decided that the *DT* investigation should launch with details of the Prime Minister’s expenses. While the expenses of other, lesser-known MPs were in many cases more egregious, we felt that we should begin with the nation’s most important politicians and then work our way through the Cabinet and Shadow Cabinet until we reached the backbenchers. This approach was, we believed, not only in itself in the public interest but also the best way of *demonstrating* that we were acting in the public interest. It took a few days before some politicians and rival publications appreciated the sense of our approach.
- 31.6 Upon publication, the initial reaction among some parliamentarians was that a criminal act had taken place. I recall that the then Speaker of the House of Commons and Sir Stuart Bell MP were most vociferous in this respect. There were calls for the Police to investigate our scoop. These calls soon fell by the wayside as it became clear that no criminal act had taken place and that publication of MPs’ expenses was, overwhelmingly, in the public interest.
- 31.7 The next issue to be raised in objection to publication was data protection, largely articulated by Julian Lewis, a Conservative MP. The *DT* was able to reassure Dr Lewis that we would handle the information (for example, bank account details) we received sensitively and in the public interest. To this day, I do not believe that the *DT* received any complaint about the breach of MPs’ privacy or data protection rights.
- 31.8 It was then suggested – principally by Nadine Dorries, a Conservative MP – that some parliamentarians had been taken to the brink of suicide by the *DT*’s revelations. We took these suggestions very seriously. The three major party leaders’ offices were asked to identify politicians who might be at risk in this respect. Only Nick Clegg responded substantively, naming three MPs about whom he had concerns. These concerns were relayed to the investigation team. At that time, the stories relating to those three MPs had already been published and we did no follow up concerning them, except in very general terms.

- 31.9 Finally, it was claimed that the investigation was not in the public interest because the information upon which it was based was due to be published anyway. The suggestion was that the *DT* had jumped the gun for commercial advantage. In the event, Parliament's "publication" of MPs' expenses in June 2009 was nothing short of a bad joke. All the crucial details were blacked out. The *DT*'s decision to publish was vindicated.
- 31.10 The following is a brief summary of all MPs' adjudicated complaints and legal challenges regarding the expenses investigation:
- 31.10.1 Brian Binley (Conservative): Mr Binley successfully complained to the PCC after the *DT* described him as a millionaire.
 - 31.10.2 David Kidney (Labour): The PCC rejected a complaint from Mr Kidney.
 - 31.10.3 Barry Sheerman (Labour): The *DT* resolved a complaint by publishing a correction and an apology.
 - 31.10.4 Julian Lewis (Conservative): Dr Lewis successfully complained to the PCC after the *DT* implied that he had made a claim that he had not.
 - 31.10.5 Peter Kilfoyle (Labour): Mr Kilfoyle successfully complained to the PCC after the *DT* wrongly stated that he appeared in the top ten claimants for cleaning/laundry in 2007/2008.
 - 31.10.6 Frank Cook (Labour): Mr Cook issued libel proceedings against the Telegraph. He lost.

(19) Computer hacking

32. In my time at TMG, I did not commission anyone to use "computer hacking" in order to source stories, or for any other reason. To the best of my knowledge, nor did I ever use a story which had been obtained through computer-hacking, or contained information which had so been obtained, and as far as I am aware, no one from TMG during my time there did either.

(20) Individuals who might be able to help the Inquiry

33. The following TMG executives may be able to provide additional information: Murdoch MacLennan (Chief Executive, TMG); Tony Gallagher (Editor, *DT*); Ian MacGregor (Editor, *ST*); Chris Evans (Head of News, *DT*); Richard Ellis (Executive Director (Editorial)); and Finbarr Ronayne (Finance Director).